

# THE AFRICAN GROWTH AND OPPORTUNITY ACT

The Office of Africa and the Near East  
Market Access and Compliance



## WHICH COUNTRIES ARE ELIGIBLE FOR AGOA?

In October 2000, President Clinton designated the following 35 sub-Saharan

African countries as eligible for AGOA: Benin, Botswana, Cape Verde, Cameroon, Central African Republic, Chad, Republic of Congo, Djibouti, Eritrea, Ethiopia, Gabon, Ghana, Guinea, Guinea-Bissau, Kenya,

Lesotho, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, South Africa, Swaziland, Tanzania, Uganda and Zambia.



## WHY AREN'T ALL SUB-SAHARAN AFRICAN COUNTRIES ELIGIBLE FOR AGOA?

Eligibility for AGOA was designed to reward and provide incentives for sub-Saharan African countries that are making progress in political and economic reforms. Each sub-Saharan African country's performance was assessed using the following criteria: establishment of market-based economies; development of political pluralism and the rule of law; elimination of barriers to U.S. trade and investment; protection of intellectual property rights; efforts to combat corruption; policies to reduce poverty, increase access to health care and education; protection of human rights and worker rights; and elimination of certain child labor practices. Designation followed a public comment period and extensive interagency deliberations over each country's performance against the eligibility criteria.

The U.S. Government will work with eligible countries to sustain their efforts

to institute policy reforms and with the remaining 13 sub-Saharan African countries to help them achieve eligibility.

## WHICH PRODUCTS ARE ELIGIBLE FOR AGOA?

On December 21, 2000, the President extended duty-free treatment under the Generalized System of Preferences (GSP) to AGOA eligible countries for more than 1,800 tariff line items in addition to the standard GSP list of approximately 4,600 items available to non-AGOA GSP beneficiary countries. The additional GSP line items, which include such previously excluded items as footwear, luggage, handbags, watches and flatware were implemented after an extensive process of public comment and review. A complete list of products eligible for AGOA is available at [www.agoa.gov](http://www.agoa.gov).

## WHICH PRODUCTS OR SECTORS ARE THE MOST LIKELY TO BENEFIT FROM AGOA?

AGOA-eligible governments and private sectors are carefully examining the 6,000 plus list of eligible products to determine how they can benefit. This process is still ongoing. Apparel, leather goods and apparel and agricultural products are some sectors that are likely to benefit.

## WHAT HAVE BEEN THE COMMERCIAL RESULTS OF AGOA TO DATE?

We are encouraged by the trend, which indicates a boost in U.S. trade with Africa. Exports to the 35 AGOA-eligible countries surged 35 percent in the first half of this year, while imports were up 7 percent. Imports of apparel expanded 28 percent, especially from Madagascar, Mauritius, Lesotho, and South Africa.

## HOW WILL U.S. FIRMS BENEFIT FROM AGOA?

By creating tangible incentives for African countries to implement economic and commercial reform policies, AGOA contributes to better market opportunities and stronger commercial partners in Africa for U.S. companies. The Act should help forge stronger commercial ties between Africa and the United States, while it helps to integrate Africa into the global economy. U.S. firms may find new opportunities in privatizations of African state-owned enterprises, or in partnership with African companies in infrastructure projects. U.S. firms can also benefit by forming joint ventures with African or other firms to take advantage of AGOA benefits.

## HOW CAN U.S. EXPORTERS TAKE ADVANTAGE OF AGOA?

To fully take advantage of AGOA, African companies will need to expand their production capacity in order to tap into the large U.S. market. African firms will need to source inputs, capital goods and services to produce, transport and market their goods in the United States. This presents opportunities for exports of U.S. manufacturers of needed inputs and machinery as well as services. The U.S. Department of Commerce's Foreign Commercial Service offices in Africa, in consultation with U.S. Embassies, are poised to provide information on market opportunities and trade leads.

## ARE AGOA-ELIGIBLE COUNTRIES REQUIRED TO SOURCE FROM THE U.S.?

No, AGOA eligible countries are not required to source their goods or services from the United States. To export apparel to the U.S. without facing a quota, African companies will need to source fabric and yarn from the United

States. By increasing Africa's familiarization with the U.S. market, AGOA will also expose African companies to U.S. products and services.

## WHAT U.S. GOVERNMENT PROGRAMS HAVE BEEN DEVELOPED IN SUPPORT OF AGOA?

The AGOA legislation urges Ex-Im Bank to expand its financial commitments in sub-Saharan Africa under its loan, guarantee and insurance programs. In an effort to increase African businesses' ability to access financing, Ex-Im is providing more flexible financing terms under its Short-term Insurance Pilot Program and is pursuing guarantee agreements with African banks.

The Overseas Private Investment Corporation established the Africa Millennium Fund as mandated by the AGOA legislation. This \$350 million fund will invest in telecommunications, transportation, electricity, water and sanitation projects. OPIC has also committed \$1 million to support micro-finance in Africa.

In addition, President Bush established the U.S.-African Trade and Economic Cooperation Forum, which will be convened annually to discuss trade and investment expansion between Africa and the United States.

## WHERE CAN I GET MORE INFORMATION ABOUT AGOA?

The U.S. Department of Commerce created a website on the AGOA. The Internet address is [www.agoa.gov](http://www.agoa.gov). This website contains information about the trade legislation, eligible countries, resources and links to other Africa-focused organizations. If you have a specific question on AGOA, you can send an email to: [AGOAmail@ita.doc.gov](mailto:AGOAmail@ita.doc.gov) or call the Department of Commerce's Office of Africa, (202) 482-4928. ■